



Income and Poverty over Time

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This report uses results from the **WorkFirst Study** (WFS). The sample of 3000 families was drawn from the statewide list of adults receiving welfare assistance in March 1999. Respondents completed a telephone survey that gathered information on work, education, family, and economic well-being.

This report describes income levels and sources reported by families. It includes information on earnings, Earned Income Tax Credit, child support, and contributions from other household members. In addition, administrative data provide information on TANF and food stamp benefits.

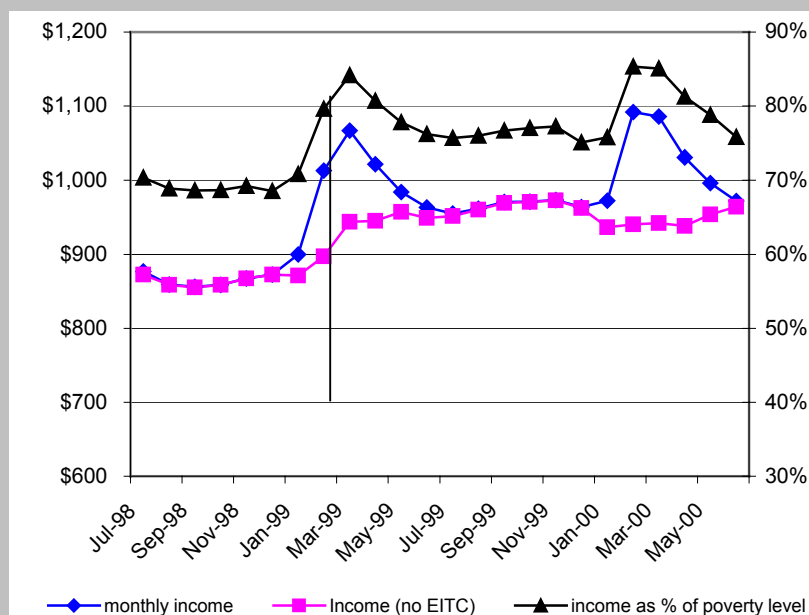
FINDINGS

- **Average family income has increased for WorkFirst Study respondents especially via the Earned Income Tax Credit.**
- **Income increased for families in which WFS respondents were employed, especially those employed only part of the year. Respondents who were not employed had much lower average incomes that did not increase.**
- **The sources of family income have changed dramatically for those who have left TANF and only slightly for those still receiving TANF.**

Income Levels over Time

Average family income has increased for WorkFirst Study Respondents, especially via the Earned Income Tax Credit. Figure 1 shows average monthly income before and after March 1999 when all WFS families received TANF. The figure shows income with and without the Earned Income Tax Credit that was refunded to most families in January, February, or March. The figure also shows income as an average percentage of the federal poverty level (adjusted for family size). Income here includes earnings, TANF benefits, child support, Earned Income Tax Credit, and other sources reported on the WFS survey. [Food stamp amounts are not included here, but will be reported later in this report.]

FIGURE 1: AVERAGE MONTHLY INCOME AND POVERTY LEVEL OVER TIME



Average monthly income remained flat after March 1999 except for the addition of the Earned Income Tax Credit (EITC). Income other than the EITC averaged about \$950 per month for WFS families. The addition of the EITC pushed average income to about \$1,100 in the winter months.

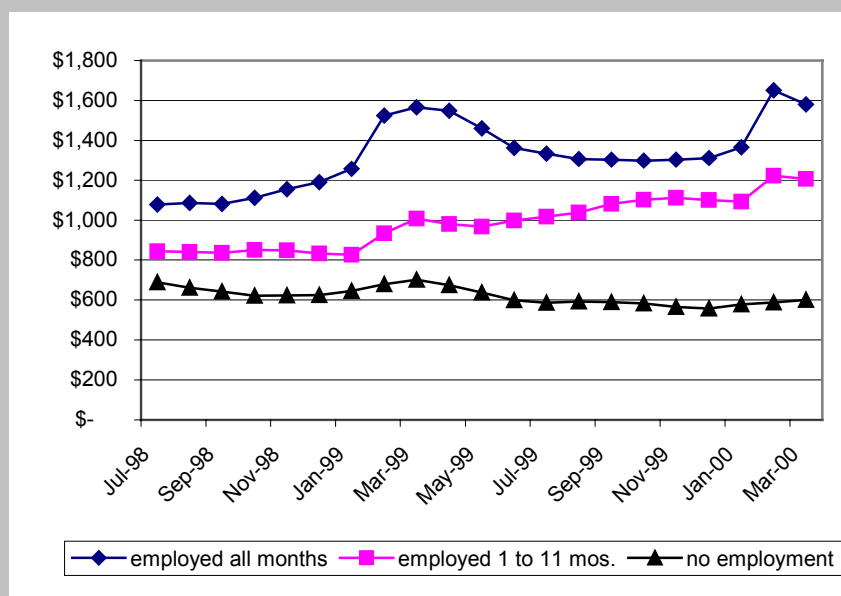
Prior to March 1999, average income was lower (about \$850), but increased as more families received TANF. [All families received TANF in March 1999.]

The average poverty level increased from about 70 percent of the federal guideline prior to March 1999 to about 75 percent. During months when many families received tax refunds, the level increased to between 80 and 85 percent.

Employment and Income

Figure 2 compares average income for families grouped by the number of months they were employed between April 1999 and March 2000.¹ Twenty-seven percent of WFS respondents were employed for all 12 months of that year, 37 percent for some of the months, and 36 percent for none of the months.

FIGURE 2: AVERAGE MONTHLY INCOME BY MONTHS OF EMPLOYMENT, APRIL 1999 TO MARCH 2000

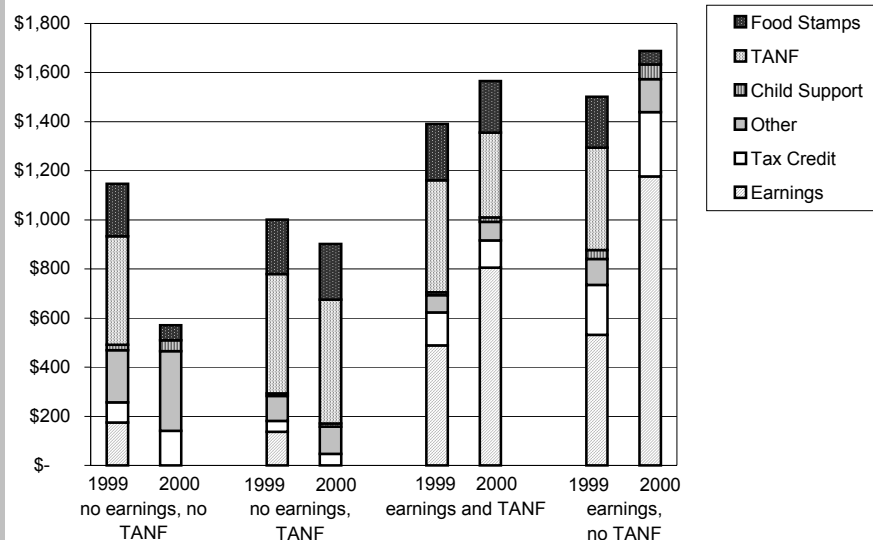


Average income increased for families in which WFS respondents were employed, especially those employed part of the year. Respondents who were not employed had much lower average incomes that did not increase. In months without the EITC refunds, incomes averaged about \$1300 per month for families employed all months, \$1000 to \$1100 for families with some employment, and \$600 for families with no employment.

Incomes were higher for families with more months of employment even prior to April 1999 (the first month of employment counted here). This suggests that some of the difference in incomes comes from more stable characteristics of the families. However, the gaps grew much larger over the employment period.

¹ This analysis includes only families who were interviewed after March 2000 so had employment data through that time.

FIGURE 3: AVERAGE INCOME BY SOURCE IN MARCH 1999 & 2000, BY EMPLOYMENT AND TANF IN MARCH 2000



Changes in Income Sources

Income sources for families still on TANF stayed relatively stable between March 1999 and March 2000, though overall incomes increased for families with earnings (18% of sample) and decreased slightly for families with no earnings (33% of sample). Those with earnings increased their incomes through higher earnings.

For families who left TANF, the changes were much more dramatic. Families who left and had no earnings in March 1999 (18% of sample) reported large decreases in average income—primarily from lower TANF. Those families had less income because decreases in earnings and TANF were not completely offset by increases in other income. These families did average almost \$200 in income from the tax credit suggesting that some had been employed in the previous year. Families who had earnings in March 2000 (32% of sample) reported increases in income through earnings, EITC, and child support.